

AMENDMENT TO THE RULES COMMITTEE PRINT
118-33
OFFERED BY MR. CASTEN OF ILLINOIS

Add at the end the following:

1 **SEC. 609. REPORT ON DIGITAL ASSET MIXERS, PRIVACY**
2 **COINS, AND ANONYMITY-ENHANCING TECH-**
3 **NOLOGIES.**

4 (a) **STUDY BY TREASURY.**—The Secretary of the
5 Treasury, in consultation with the Securities and Ex-
6 change Commission, the Commodity Futures Trading
7 Commission, the Attorney General, and such other depart-
8 ments and agencies as determined by the Secretary of the
9 Treasury, shall carry out a study of digital asset mixers,
10 privacy coins, and other anonymity-enhancing tech-
11 nologies.

12 (b) **REPORT.**—Not later than 18 months after the
13 date of the enactment of this Act, the Secretary of the
14 Treasury shall provide to the Committee on Financial
15 Services of the House of Representatives and the Com-
16 mittee on Banking, Housing, and Urban Affairs of the
17 Senate a report, to include a classified annex, if necessary,
18 that contains all findings made in carrying out the study
19 under subsection (a) that analyzes the following issues:

1 (1) Current typologies of digital asset mixers,
2 privacy coins, and other anonymity-enhancing tech-
3 nologies, and historical transaction volume.

4 (2) Estimates of the percentage of transactions
5 in paragraph (1) that are believed to be connected,
6 directly or indirectly, to illicit finance, including dig-
7 ital asset transaction volumes associated with sanc-
8 tioned entities and entities subject to special meas-
9 ures pursuant to section 5318A of title 31, United
10 States Code, and a description of any limitations ap-
11 plicable to the data used in such estimates.

12 (3) Information about legitimate uses of digital
13 asset mixers, including transaction volumes associ-
14 ated with payments to journalists in authoritarian
15 regimes, donations to the government of Ukraine,
16 and for enhanced privacy and security purposes.

17 (4) The capacity of the Financial Crimes En-
18 forcement Network, the Office of Foreign Assets
19 Control, and Federal and State law enforcement
20 agencies to track, prevent the transfer of, freeze,
21 and confiscate funds that have been processed
22 through digital asset mixers, privacy coins, and
23 other anonymity-enhancing technologies, including—

24 (A) general estimates regarding the num-
25 ber of instances on an annual basis such agen-

1 cies were able to prevent the transfer of funds
2 through such methods; and

3 (B) the extent to which such agencies uti-
4 lized blockchain analytics firms when preventing
5 the transfer of funds through such methods.

6 (5) New and emerging obfuscation tools and
7 methods to reduce transparency on a cryptographi-
8 cally secured distributed ledger.

9 (6) Financial incentives for relayers or any
10 other party in the process of validating transactions
11 on a cryptographically secured distributed ledger, in-
12 cluding an assessment of the contractual relationship
13 between relayers and digital asset mixers.

14 (7) Regulatory approaches employed by other
15 jurisdictions to address illicit uses of digital asset
16 mixers, privacy coins, and other anonymity-enhanc-
17 ing technologies.

18 (8) Recommendations for legislation or regula-
19 tion to address the illicit uses of digital assets, in-
20 cluding with respect to—

21 (A) covered nations, as defined in section
22 4872(d)(2) of title 10, United States Code, and
23 affiliated actors;

1 (B) Foreign Terrorist Organizations, as
2 designated by the Secretary of State, and affili-
3 ated actors;

4 (C) sanctions evasion by Russian entities,
5 individuals, and affiliated actors;

6 (D) human trafficking and the sexual ex-
7 ploitation of children;

8 (E) international trafficking of fentanyl,
9 fentanyl precursors, or other related opioids;

10 (F) organized crime groups in East and
11 Southeast Asia; and

12 (G) darknet marketplaces.

13 (c) DEFINITIONS.—In this section:

14 (1) ANONYMITY-ENHANCING TECHNOLOGIES.—

15 The term “anonymity-enhancing technologies”
16 means software, products, or services that facilitate
17 digital asset transactions with enhanced anonymity,
18 as defined by the Financial Crimes Enforcement
19 Network.

20 (2) DIGITAL ASSET MIXER.—The term “digital
21 asset mixer” means a website, software, or other
22 service designed to conceal or obfuscate the origin,
23 destination, and counterparties of digital asset
24 transactions.

1 (3) FINANCIAL INSTITUTION.—The term “fi-
2 nancial institution” has the meaning given the term
3 in section 5312(a) of title 31, United States Code.

4 (4) PRIVACY COIN.—The term “privacy coin”
5 means a digital asset designed to—

6 (A) hinder tracing through distributed
7 ledgers; or

8 (B) conceal or obfuscate the origin, des-
9 tination, and counterparties of digital asset
10 transactions.

11 (5) RELAYERS.—The term “relayers” means a
12 person, entity, software program, or person or entity
13 operating such software program, that receives, com-
14 municates, or otherwise conveys blocks of trans-
15 actions to a validator, miner, or other entity that
16 serves a similar function.

